

UNITED STATES BANKRUPTCY COURT  
FOR THE  
DISTRICT OF NEW HAMPSHIRE

In Re:  
TRIKEENAN TILEWORKS INC.  
Debtor.

Chapter 11  
Case No. 10-13725-JMD

In Re:  
TRIKEENAN HOLDINGS INC.

Chapter 11  
Case No. 10-13726-JMD

In Re:  
TRIKEENAN TILEWORKS INC.  
OF NEWYORK  
Debtor.

Chapter 11  
Case No. 10-13727-JMD

Jointly administered 10-13725-JMD

**DEBTOR'S RESPONSE TO OBJECTION OF NEW YORK CREDITORS TO**  
**MOTION**  
**FOR CONTINUED AUTHORITY TO USE CASH COLLATERAL**

NOW COMES Trikeenan Tileworks Inc and Trikeenan Tileworks Inc of New York, debtors and debtors-in-possession (“Debtors”), through counsel, and responds to the objections of New York Business Development Corporation and Steuben Trust (the New York creditors) to the Debtors’ Motion for an Order authorizing the continued use of cash collateral for the next sixty (60) days, or through November 30,

2010. In support of this response, Debtor states as follows:

1. On August 30, 2010, Debtors filed Chapter 11 petitions with this Court. Debtor.
  2. Pursuant to 28 U.S.C. Sections 157 and 1334, this Court has jurisdiction over this matter, and it is a core proceeding. Venue is proper pursuant to 28 U.S.C. sections 1408 and 1409.
  3. By Order dated August 31, 2010, this Court authorized the emergency use of cash collateral through September 25, 2010. By Order dated September 3, 2010, this Court entered an Order directing the joint administration of the above-captioned cases.
  4. On September 7, 2010, Debtors filed an application for the continued use of cash collateral through November 30, 2010. New York Business Development Corporation and Steuben Trust filed nearly identical objections (the Objections). New York Business Development Corporation holds a lien on equipment located in Hornell, NY and used by Trikeenan NY. Steuben holds a mortgage on the real estate owned by the Hornell IDA and leased to the Debtor, which serves as the business premises for Trikeenan NY.
  5. Debtor manufactures and sells tiles for use in building and interior design. The New Hampshire operation has focused on artisan and specialty tiles while the New York operation has historically manufactured higher volume, more industrial grade tile known as “field tile.” Many of the Debtors’ commercial customers buy product produced by Trikeenan NY.

6. In addition to its manufacturing, the New Hampshire debtor handles all the marketing and sales, collects all accounts receivable and pays most expenses for both Trikeenan NH and Trikeenan NY. Other than local payroll and petty cash, all operating expenses for the New York operation are paid by the Debtor.

7. As of the Petition date, Debtors believed TD Bank was the only creditor with an interest in cash collateral. The New York creditors correctly point out that they hold an interest in cash collateral generated by Trikeenan NY. On the Petition Date, that collateral consisted of \$217 in cash and approximately \$306,000 in inventory. The New York creditors hold no interest in cash collateral at Trikeenan NH. No accounts receivable are generated by Trikeenan NY. The financial reports given to the New York creditors in June 2010 and attached to the Objections reflected internal accounting functions which permit the Debtors to track manufacturing levels and record inter-company billings. At that time, the Chapter 11 filings were not contemplated and concepts of "cash collateral" had no relevance to either party. The Debtors had no intent to deceive the New York creditors

8. Without the use of cash collateral, Debtor s will be unable to satisfy necessary insurance, utility, payroll, adequate protection, tax and other necessary operating expenses and will be unable to preserve the value of the Debtors' operations. The Debtors' factories would go dark. To provide adequate protection of the security interest of TD Bank and the New York creditors in cash collateral and to protect the interest of other creditors, Debtor needs to use the above-described cash collateral. Debtor has requested authorization to use up to \$408,858.86 in cash collateral from

operations from September 26, 2010 through November 30, 2010. Projected income exceeds projected expenses.

9. As adequate protection, Debtor proposes to the New York Creditors replacement liens in cash collateral arising post-petition to the same extent and in the same priority as such lien existed on August 30, 2010. Debtor will also provide reasonable financial reporting. As additional adequate protection for the interests of the New York creditors in equipment and real estate, Debtors have made a proposal to pay adequate protection designed to protect the interests of the New York creditors against depreciation. It is undisputed the New York creditors are undersecured with respect to the equipment.

11. The above liens will be granted by the Debtor without prejudice to the future rights of the Debtor, creditors and any creditors committee or other party in interest to challenge the validity, priority and enforceability of any such lien. This post-petition lien will also be subject to Debtor's future right to seek debtor-in-possession of financing pursuant to 11 U.S.C. §364.

Respectfully submitted,

Trikeenan Tileworks Inc.

By its Attorneys,

BERNSTEIN, SHUR, SAWYER &  
NELSON, P.A.

Date: 20 September 2010

By: /s/Jennifer Rood  
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## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was electronically filed and was received by the individuals listed on the service list as receiving service via the “ECF Filing” system.

Via ECF

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Date: 20 September 2010

By: /s/Jennifer Rood  
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